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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Telecommunications Division
Public Programs Branch**

**RESOLUTION T-16742
May 8, 2003**

R E S O L U T I O N

RESOLUTION T-16742, MODIFYING THE CALIFORNIA
TELECONNECT FUND PROGRAM RULES TO EXPAND
CALIFORNIA TELECONNECT FUND ELIGIBILITY TO INCLUDE
COMMUNITY TECHNOLOGY PROGRAMS AND ALLOW ALL
QUALIFYING ENTITIES TO RECEIVE IDENTICAL DISCOUNTS ON
THE SAME TYPES AND QUANTITIES OF SERVICE.

Summary

This resolution is issued to implement portions of Senate Bill (SB) 1863 (Stats. 202, Ch. 308) intended to focus efforts on providing educational institutions, health care institutions, community-based organizations and governmental institutions with access to advanced telecommunications services in recognition of their economic and societal impact.

This resolution is also issued pursuant to Commission Decision (D.) 02-10-060, which directed the Telecommunications Division to prepare a resolution implementing certain changes to the California Teleconnect Fund (CTF) program rules. The CTF rules currently provide different types and quantities of services at varying discount levels to schools and libraries, municipal or county owned and operated hospital and health clinics and community-based organizations (CBOs). The changes to the CTF program rules adopted in this resolution will allow all qualifying entities to receive the same quantities and types of services at the same discount levels.

This resolution streamlines the CTF application for all participants, reflecting changes to the program qualifying requirements and application process pursuant to the provisions of D.02-10-060, and implementation of SB 1863. In addition this resolution adopts a reporting requirement for carriers to report estimates of program expenses associated with reimbursements for CTF discounts for future periods.

Background

SB 1863 adds Public Utilities Code Section 884. Section 884(a) states the intent of the legislature “that any program administered by the Commission addressing the inequality of access to advanced telecommunications services by providing those services to schools and libraries at a discounted price should also provide comparable discounts to a nonprofit community technology program.”

The bill also stated the policy goal of focusing efforts on providing education institutions, health care institutions, and community-based organizations with access to advanced telecommunications services in recognition of their economic and societal impact.

In D.96-10-066 dated October 25, 1996, the Commission established the CTF to provide discounts on selected telecommunications services to qualified schools and libraries, municipal or county owned and operated hospitals or health clinics, and CBOs offering health care, job training, job placement, and/or educational instruction. The CTF discount amounts and the type and amount of eligible services currently available to each category of qualifying entity are listed in the table below:

<u>Qualifying Entity</u>	<u>Eligible Services</u>	<u>CTF Discount</u>
School and/or Library	All Measured Business Service lines, Switched 56 lines, ISDN, T-1, DS-3 and up to and including OC-192 ¹ services or their functional equivalents	50%
Municipal or County Government Owned and Operated Hospital and Health Clinic	Switched 56 lines, ISDN, T-1, and DS-3 or their functional equivalents	20%
Community Based Organization	Two switched 56 lines or their functional equivalents, or two ISDN lines or their functional equivalents, or one switched 56 line or its functional equivalent and one ISDN line or its functional equivalent, or one T1 line or its functional equivalent	25%

The decision in Rulemaking 01-05-046, investigating the feasibility of redefining universal telephone service to include high-speed internet access, refers to comments

¹ Resolution T-16542, July 12, 2001, added OC-1, OC-3, OC-12, OC-48 and OC-192 services, or their functional equivalents, to the list of discounted services available to schools and libraries.

from the public and certain parties suggesting that low participation by hospitals, health clinics and CBOs may be due, in part, to the low discounts and limited types and quantities of service available under the program. Certain parties and the public also commented that the application process was unduly burdensome, discouraging participation. D.02-10-060 directed the Telecommunications Division to prepare a resolution implementing changes to the CTF allowing all qualifying entities to receive the same type and quantities of services at identical discounts.

Discussion

The modifications adopted in this Resolution implement certain requirements of SB 1863, expanding CTF eligibility. As noted above, Section 884(a) requires that the same CTF discounts available to schools and libraries apply to community technology programs. Section 884(b), added to the Public Utilities Code by SB 1863, defines community technology program as:

“...a community-based nonprofit organization that is exempt from taxation under Section 501 (c)(3) of the Internal Revenue Code and engages in diffusing technology into local communities and training local communities that have no access to or have limited access to the Internet and other technologies.”

The original qualifications and list of services CBOs must offer in order to receive CTF discounts was established in D.96-10-066. It reads:

“In order to qualify for the CBO discount, a CBO must provide proof at the time of application that it is a tax exempt organization. This CBO must also certify that it offers health care, job training, job placement, or educational instruction.”²

Thus, in accordance with SB 1863, this resolution makes 50% CTF discounts available to CBOs and expands the list of eligible CBOs to include community technology programs as defined in Section 884(b).

The modifications adopted in this Resolution are also made pursuant to Decision (D.) 02-10-060, dated October 24, 2002. In that decision, the Commission determined that increasing discount levels and eligible types and quantities of services for CBOs and municipal or county government owned and operated hospitals and health clinics to levels which are currently available to schools and libraries, will lead to increased participation in the CTF program by these entities. Modifications streamlining the application process will also lead to increased participation in the program.

² D.96-10-066, p.85

This Resolution seeks to adopt the following levels of discounts and services for the corresponding eligible entities:

<u>Qualifying Entity</u>	<u>Eligible Services</u>	<u>CTF Discount</u>
School and/or Library, Municipal or County Government Owned and Operated Hospital and Health Clinic, Community Based Organization	All Measured Business Service lines, Switched 56 lines, ISDN, T-1, DS-3 and up to and including OC-192 services or their functional equivalents	50%

All telecommunications carriers offering the services described in Rule 8 (b), (c), and (d) of Appendix B of D.96-10-066 and Attachment A of Resolution T-16542 are directed to file Advice Letters making these changes within 30 days from the effective date of this Resolution. Such Advice Letters and the associated tariff pages setting forth the discount levels for the CTF-eligible services will become effective 15 days after the Advice Letters are filed.

In response to concerns by certain parties in R.01-05-46, this resolution also streamlines the CTF application process. Under this modified process, applicants will no longer be required to submit their applications to telecommunications carriers, which in turn were responsible for forwarding completed applications to the Commission. Carriers will no longer be involved in the application process. All applications filed after the effective date of this resolution will be filed with the Commission. The Telecommunications Division will notify applicants of their eligibility in writing. That notification letter will include a copy of the application with the application-filed-date stamped on the application. The entity becomes eligible for participation in the CTF program on the filed-date stamped on the application. The filed- date is the first date upon which the fund will reimburse carriers for discounted services that have been provided. Once applicants have received their notification of eligibility, they may then contact the service providers in their areas, provide a copy of the Commission's qualifying letter and date-stamped application as proof of eligibility and arrange to obtain discounted services.

Current CTF participants will not have to re-file applications based on their ability to receive more services and higher discounts, but must notify their service providers of the new types and quantities of services to which they wish to subscribe. Entities who filed applications prior to May 9, 2003, that are pending as of the effective date of this resolution and who are subsequently notified of eligibility, will not have to re-file. Their date of eligibility for participation will be the date stamped on the previously filed

application. The list of CTF eligible entities will be posted on the Commission's website.

The application, Attachment A to this Resolution, reflects changes to the instructions and qualifications for participation in the CTF program and the streamlined application process.

With the increased participation anticipated by these changes to the program, it will be more important than ever to track program fund requirements. To that end, no later than July 1, 2003, all participating carriers shall provide a written forecast of anticipated CTF claims for the fiscal year 2004/05. By March 1, 2004 for fiscal year 2005/06, and every March 1st thereafter, all participating carriers shall provide a written forecast of anticipated CTF claims for the following fiscal year (July 1 through June 30). This forecast shall include information with regard to the carrier, their CPCN number and total of services subject to discount, total E-rate discount, total CTF discounts, taxes, user fees, and total claims categorized as to schools and libraries, municipal or county government owned and operated hospitals and health clinics and CBOs. These three categories shall be totaled. This information shall be provided on a month-by-month basis for the entire fiscal Year. The provision of a monthly breakdown is required by TD to determine varying cash flow requirements because of delays or termination of E-rate discounts. This information is to be mailed or faxed to the Telecommunications Division.

Commencing on February 1, 2004 and every February 1st, thereafter, the Director of the Telecommunications Division shall provide CTF claimants a written reminder that forecasts of anticipated claims for the following fiscal year are due March 1st. The CTF Claim Forecast Worksheet format carriers are to use is set forth in Attachment B of this resolution.

Comments

In accordance with P.U. Code Section 311 (g), a draft resolution prepared by the Telecommunications Division (TD) staff was mailed on April 8, 2003, to the parties of record in Rulemaking (R.) 95-01-020/Investigation (I.) 95-01-021; R.01-05-046, all Competitive Local Exchange Carriers and all Incumbent Local Exchange Carriers; CTF Administrative Committee member; all carriers who currently participate in the CTF program; Community Based Organizations and eligible hospitals and health clinics for which CTF applications have been filed, and signed, completed copies of the applications have been sent to the applicant. These parties were informed of the availability of the conformed resolution at the Commission's website,

www.cpuc.ca.gov/static/industry/telco/resolutions/index.htm.

The Telecommunications Division will address comments received on a timely basis on this draft resolution.

Findings

1. Senate Bill (SB) 1863 states that telecommunications policies in California should focus on providing educational institutions, health care institutions and Community Based Organizations (CBOs) with access to advanced telecommunications services in recognition of their economic and societal impact.
2. The intent of SB 1863 is that any CBO engaged in diffusing technology into local communities via nonprofit community technology programs should qualify to receive the same California Teleconnect Fund (CTF) discounts as schools and libraries that perform the same function.
3. In Decision (D.) 02-10-060, the Commission found that increasing the discount levels and eligible services for CBOs and municipal or county government owned and operated hospitals and health clinics to levels which are currently available to schools and libraries, will lead to increased participation in the CTF program for these entities.
4. Ordering Paragraph 2, of D.02-10-060, directs the telecommunications Division to prepare a resolution increasing the CTF discount levels and types and quantities of service to eligible municipal or county government owned and operated hospitals and health clinics and CBOs to match those currently available to schools and libraries.
5. In the proceeding that led to D.02-10-060 (Order Instituting Rulemaking 01-05-046) parties stated that the CTF application process was too burdensome and discouraged participation in the program.
6. With the increased participation anticipated by the changes to the program, it will be necessary for carriers to file annual estimates of program funding requirements. Carriers should be reminded of this requirement, in writing, every year
7. The CTF application must be revised to reflect the expanded list of qualifying entities and to streamline the application process by allowing entities to file applications directly with the Commission.
8. On April 8, 2003, the draft of this resolution was mailed to the parties of record in Rulemaking (R.) 95-01-020/Investigation (I.) 95-01-021; R.01-05-046, all Competitive Local Exchange Carriers and all Incumbent Local Exchange Carriers; CTF Administrative Committee members, all carriers who currently participate in the CTF program; Community Based Organizations and eligible hospitals and health

clinics for which CTF applications have been filed, and signed, completed copies of the applications have been sent to the applicant. A copy of the cover letter of that mailing was also sent to each of the Commission certificated telecommunications carriers advising them of the availability of the draft resolution and the conformed resolution, when adopted by the Commission on the Commission's website.

THEREFORE, IT IS ORDERED that:

1. The California Teleconnect Fund (CTF) program rules are modified to allow municipal or county government owned and operated hospitals and health clinics and qualified Community Based Organizations (CBOs) to receive 50% discounts on all Measured Business Service, Switched 56, ISDN, T-1, DS-3 and up to and including OC-192 services or their functional equivalents.
2. The CTF program rules are modified to expand the list of CBOs eligible for CTF discounts to include non-profit CBOs operating community technology centers engaged in diffusing technology into local communities, and training local communities that have limited or no access to the Internet and other technologies.
3. All certificated telecommunications carriers are directed to file Advice Letters to reflect the new CTF discounts and expanded types and quantities of services within 30 days of the effective date of this resolution. The Advice Letter and associated tariff sheets shall become effective within 15 days of the filing.
4. All entities applying to participate in the CTF program will now file their applications directly to the Commission's Telecommunication Division, Public Program Branch as set forth in Attachment A of this resolution.
5. The Director of the Telecommunications Division shall, by letter, send a copy of the reviewed and signed application to applicants, notifying them of their eligibility to participate. The date of eligibility will be the date stamped on the application.
6. The Commission shall post a list of qualified entities on its website
7. CBOs and municipal or government owned and operated hospitals and health clinics currently participating in the CTF program do not need to reapply to the Commission to receive the increased discounts and services, but must notify their service providers of new services to which they wish to subscribe.
8. The CTF application instructions and form, as set forth in Attachment A of this Resolution, are adopted.

9. All CTF participating carriers shall, by July 1, 2003 provide a written forecast of anticipated CTF claims for the 2004/05 fiscal year. Such forecast shall be submitted to the Director of the Telecommunications Division in the format set forth in Attachment B of this resolution.
10. All CTF participating carriers shall, by March 1, 2004 and every March 1st thereafter, provide a written forecast of anticipated CTF claims for the following fiscal year (July 1 through June 30). This information is to be mailed or faxed to the Telecommunication Division and the CTF Administrative Committee. Such forecast shall be submitted to the Director of the Telecommunications Division in the format set forth in Attachment B of this resolution.
11. The Annual CTF Claim Forecast Worksheet, as set forth in Attachment B of this resolution is adopted.
12. Commencing on February 1, 2004 and every February 1st, thereafter, the Director of the Telecommunications Division shall provide CTF claimants a written reminder that forecasts of anticipated claims for the following fiscal year are due March 1st.

This Resolution is effective today.

I hereby certify that the Public Utilities Commission at its regular meeting on May 8, 2003, adopted this Resolution. The following Commissioners approved it:

WILLIAM AHERN
Executive Director

ATTACHMENT A

**California Teleconnect Fund (CTF)–
Service Discounts Certification Application**

Instructions for Applicants:

Applicants shall provide all information required on the application and return the completed application to the Commission for review. If applicants are applying for discounted services under more than one entity type, a separate application form is to be used for each entity type. Service under the discounted rates is not available until the application has been reviewed, in the order received, by the California Public Utilities Commission (CPUC) staff.

The Telecommunications Division will notify eligible entities, in writing, of the status of their application. The specific date of eligibility will be date stamped on your application, which will be returned with the notification letter. Applicants should then contact their service providers to receive service using the notification letter as proof of eligibility. Confirmed eligibility does not automatically establish participation. All participation is subject to the availability of program funds, which are administered on a first come, first served basis.

Applicants are responsible for notifying the CPUC of any change in any statements attested to in the application within 30 days from the date of the change. This notification shall be accomplished by filling out a new certification application, along with any required attachments, and a brief explanation of the change. All applications and any notifications of changes shall be mailed or hand delivered to the CPUC, Telecommunications Division - Attention: California Teleconnect Fund, 505 Van Ness Avenue, Third Floor, San Francisco, CA 94102. Upon receipt of information regarding changes, the staff will evaluate whether the customer still qualifies for the California Teleconnect Fund discounts.

CTF Application No.

CALIFORNIA TELECONNECT FUND
Service Discounts Certification Application

Name of Institution or

Organization_____

Mailing

Address:_____

Please check one of the following boxes to identify your entity type (use a separate form for each entity if you are applying for service discounts under more than one type):

_____ K-12, Public School / Public School District
Please enter your CDE Code #: _____

_____ K-12, Non-Profit Private School
Please enter your CDE Code #: _____
(Please attach a copy of tax-exempt statement from the Internal Revenue Service.)

_____ Library eligible for funds in the state-based plans under Title III of the Library Services and Construction Act, now the Library Services and Technology Act.
(Please attach a copy of certification from the California State Library.)

_____ Municipal or county government owned and operated hospital or health clinic.

_____ Community based organization, tax exempt under Section 501(c)(3) or 501(d) of the Internal Revenue Code and offering health care, job training, job placement, educational instruction and/or a community technology program offering access to and training in the Internet and other technologies or in any way providing service to the public that results in economic and societal benefits.
(Please attach a copy of your tax exempt statement from the IRS and your latest IRS Form 990.)

Please answer yes or no to the following questions as appropriate:

_____ If you are applying as a school, do you have a total endowment that exceeds \$50 million?

Date Stamp

Applicant is responsible for notifying the California Public Utilities Commission within 30 days of any change in any of the above statements.

I, (please print ***name and title***) _____,
_____ declare under penalty of perjury under the laws of the State of California that I am authorized to act on behalf of the above-named institution, that the above statements are true and accurate to the best of my knowledge and belief, and that the subscribed discounted telecommunications services will not be sold, resold, transferred or shared with any other non-qualifying entity or person.

Signature: _____ Date: _____

Tel: () _____ FAX (Required): () _____ E-Mail (Required): _____

For CPUC Use only:

Certification Application Complete:

Yes ____ No ____ Initials: _____ Date: _____

ATTACHMENT B

CALIFORNIA TELECONNECT FUND PROGRAM							
Annual Claim Forecast Worksheet							
Projected Costs for the Fiscal Year July 1, 20__ To June 30, 20__							
(Use one form for each US)							
CALIFORNIA TELECONNECT FUND (CTF) PROGRAM							
California Public Utilities Commission 505 Van Ness Avenue, 3rd Floor San Francisco, CA 94102							
Page 1 of 2							
Company Name _____		CPUC UL _____ C _____					
		MONTH	MONTH	MONTH	MONTH	MONTH	MONTH
		July	August	September	October	November	December
A. Schools and Libraries (S&Ls)							
1. Total For Services Subject to CTF Discounts		\$	\$	\$	\$	\$	\$
2. Total For E-rate Discounts							
3. Net CTF Discount Amount (Line 1 - Line 2)							
4. Taxes/User fee							
5. Claim for S&Ls (Line 3 + Line 4)							
B. Government Owned & Operated Hospitals and Health Clinics (GHCs)							
1. Total For Services Subject to CTF Discounts							
2. Total For E-rate Discounts							
3. Net CTF Discounts (Line 1 - Line 2)							
4. Taxes/User fee							
5. Claim for S&Ls (Line 3 + Line 4)							
C. Community-Based Organizations (CBOs)							
1. Total For Services Subject to CTF Discounts							
2. Total For E-rate Discounts, if applicable							
3. Net CTF Discounts (Line 1 - Line 2)							
4. Taxes/User fee							
5. Claim for S&Ls (Line 3 + Line 4)							
D. Total Claims for the Month (LnA. 5 + LnB. 5 + LnC. 5)		\$	\$	\$	\$	\$	\$
THIS FORM MUST BE FILED BY MARCH 1, 20__							

CALIFORNIA TELECONNECT FUND PROGRAM						
Annual Claim Forecast Worksheet						
Projected Costs for the Fiscal Year July 1, 20__ To June 30, 20__						
(Use one form for each US)						
Page 2 of 2						
Company Name _____ CPUC U- _____ -C _____		MONTH February	MONTH March	MONTH April	MONTH May	FISCAL YEAR TOTAL
A. Schools and Libraries (S&Ls)						
1. Total For Services Subject to CTF Discounts		\$	\$	\$	\$	\$
2. Total For E-rate Discounts						
3. Net CTF Discount Amount (Line 1 - Line 2)						
4. Taxes/User fee						
5. Claim for S&Ls (Line 3 + Line 4)						
B. Government Owned & Operated Hospitals and Health Clinics (GHCs)						
1. Total Services Subject to CTF Discounts						
2. Total E-rate Discounts						
3. Net CTF Discounts (Line 1 - Line 2)						
4. Taxes/User fee						
5. Claim for S&Ls (Line 3 + Line 4)						
C. Community-Based Organizations (CBOs)						
1. Total Services Subject to CTF Discounts						
2. Total E-rate Discounts, if applicable						
3. Net CTF Discounts (Line 1 - Line 2)						
4. Taxes/User fee						
5. Claim for S&Ls (Line 3 + Line 4)						
D. Total Claims for the Month (LnA. 5 + LnB. 5 + LnC. 5)		\$	\$	\$	\$	\$
Signature _____		Date _____				
Printed Name: _____		Title: _____				
E-mail Address: _____		Telephone No.: _____				
Mailing Address: _____						
THIS FORM MUST BE FILED BY MARCH 1, 20__						